



State of California

Employment Training Panel

Arnold Schwarzenegger, Governor

April 18, 2008

Augustin H. Lee, Sr. Manager
Korean Air
6101 W. Imperial Highway
Los Angeles, CA 90045

Dear Mr. Lee:

RE: FINAL MONITORING VISIT REPORT - KOREAN AIR (ET06-0208)

Date of the Visit:	04/18/08
Beginning/Ending Time:	9:30 a.m. - 12:30 a.m.
Date of Last Visit:	12/06/07
Visit Location:	Los Angeles
Persons in attendance:	Patrick S. Pak, HR Assistant Manager, Korean Air Margarita M. Paccarelli, ETP Contract Analyst
Action Required:	No

CONTRACT INFORMATION:

Term of Agreement:	03/23/06 – 03/22/08	Agreement Amount:	\$165,360
Training Start Date	03/23/06	No. to Retain:	159
Date Training must be completed:	12/22/08	Range of Hours:	24 - 200
Type of Trainee:	Retrainee	Weighted Average:	80

FINAL REPORT SUMMARY

• HISTORY OF AGREEMENT CHANGES

The Agreement was executed on January 27, 2006, and training began on March 21, 2006. Mr. Pak reported that all training was completed on December 23, 2007, which allowed for the 90-day retention period to be completed within the term ending date of the Agreement - March 2, 2008.

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Since the inception of this Agreement, there have been several Amendments as follows:

- Amendment No. 1, executed on October 29, 2007, changed the contract term date to March 23, 2006 to March 22, 2008. Since training did not start on December 28, 2005 as originally planned, the contract term was changed to begin on March 23, 2006, when the ETP training started. This change allowed the company to provide more training to your employees.
- Amendment No. 2, executed on December 5, 2007, increased the maximum CBT hours from 24 to 54. Some trainees who have previously completed 24 CBT hours needed additional 30 CBT hours in Continuous Improvement (Multi-Player Development). This training covered passenger, cargo, cabin, hotel, catering, crew, maintenance, and operations, which was provided in conjunction with class/lab training. This Amendment did not change the Agreement amount. Contractor used the existing ETP funds.

• FINAL PROJECT STATISTICS

Your Agreement contains a variable training plan, which means that reimbursement will be based on the total actual number of training hours completed by each trainee between 24 and 200 training hours. There will be no reimbursement for any trainee who does not complete a minimum of 24 hours of training from the approved curriculum.

Although Chart 1, Exhibit A of the Agreement, specified that there would be 159 trainees to be retained, Mr. Pak reported that only 68 trainees completed training and the 90-day retention period. This resulted in a completion rate of 43 percent with approximate earnings of \$39,370, which is 24 percent of the Agreement amount.

The following chart shows a breakdown of training hours and projected reimbursement as shown on the ETP Online Tracking System:

TYPE OF TRAINING	HOURS COMPLETED	PROJECTED REIMBURSEMENT
Class/Lab	2,650	\$34,450
CBT	615	\$4,920
Total	3,265	\$39,370

To date, your company has received \$15,340 in progress payments; therefore you will receive an additional \$24,030, if the anticipated number to retain is verified during the final fiscal closeout.

Mr. Pak was reminded that this Agreement ended in March 22, 2008. By the terms of the agreement the final contract closeout should have been completed within 30 days of the end term date of the Agreement. Mr. Pak informed the Analyst that he will not be able to closeout the contract by that time. The Analyst agreed to give your company an extension. The final contract closeout invoice and associated documents must be submitted to ETP on or before the close of business on May 9, 2008.

- **INTERVIEW WITH CONTRACTOR'S REPRESENTATIVE**

According to Mr. Pak, the company was not able to provide all the training originally intended in this Agreement. He noted that this was the first formal structured training in the company since it opened its location in Los Angeles and staff tends to prioritize work over training. Even when training was mandated, there was low attendance rate. Completion of training hours was slow due to employee's cultural attitude about the training.

The company later changed its training strategy. Mr. Pak reported that they retained California State University Dominguez Hills (CSUDH) as a training subcontractor. Training venue was moved outside the company location and it was conducted at CSUDH campus. The company also provided lunch during training. Mr. Pak reported that trainees' attitude toward training changed. They enjoyed the training and found it beneficial not only to their job duties, but to the company as a whole.

Unfortunately, by the time training started picking up, there was not enough time in the contract term for training. Mr. Pak reported that although Korean Air did not complete 100 percent, the training provided employees knowledge in continuous improvement, leadership skills, and business skills, which is very helpful in ensuring that the company meet the quality standards required by the industry.

Mr. Pak also stated that he did not experience any problem with ETP record keeping and that ETP staff was very helpful in providing assistance in the administration of this project.

PROJECT STATUS PROVIDED BY THE CONTRACTOR:

Trainees Started Training:	142	Completed Training:	68
Trainees Enrolled:	142	In Retention Period::	0
Dropped Following Enrollment:	74	Completed Retention	68
Completed Minimum Hours for reimbursement:	68		

The project statistics provided by your staff matches those listed on the ETP Contract Status Report.

TRAINING RECORDS

Ms. Paccarelli conducted a random sampling of 10 trainees who completed training. Records reviewed validated the completion of the training hours required in this Agreement. Records show that these trainees completed between 40 and 64 total training hours and the completed hours matches those posted on the ETP Online Tracking System. Records reviewed confirmed that the Agreement curriculum was provided as specified and the ratio of trainer to trainee delineated in the Agreement training plan was adhered to.

The above findings are based only on the training records reviewed during this visit and represent only a sample of the training records completed to date. Therefore, it is your responsibility to ensure that all training records comply with Panel requirements for auditing purposes. (Reference: Title 22 California Code of Regulations, Section 4442)

AUDIT

Your company will be notified in writing if this agreement is selected for an audit that will be conducted either at your site (field audit) or by telephone if selected for a desk review. These notifications will be sent in advance to allow ample preparation time and will include a list of documentation that will be examined by the auditor. A list of the documentation typically examined during an audit will be included along with the Audit Notification and Audit Confirmation letters.

To provide support of training, original training attendance documentation is required; photocopied records are not acceptable. Listed below are types of records typically requested during an ETP field audit:

- Training attendance records such as rosters, sign-in sheets, etc.
- Payroll records of individual trainees to verify wage and hours worked
- Personnel records regarding occupation and dates of employment
- Documentation of employer paid health benefits (if applicable)
- Cash receipts to verify receipt and accounting of ETP funds

RECORD RETENTION

Records must be retained within your control and be available for review at your place of business within the State of California. This responsibility will terminate no sooner than four (4) years from the date of the termination of the Agreement or three (3) years from the date of the last payment by ETP to the Contractor, or the date of resolution of appeals, audits, claims, exceptions, or litigation, whichever is later.

If you have any questions or comments regarding this report, please contact Margarita Paccarelli at (818) 755-1317 or by email at mpaccarelli@etp.ca.gov within ten (10) working days from the receipt of this report.

Sincerely,

Dolores Kendrick, Manager
North Hollywood Regional Office

Margarita M. Paccarelli, Contract Analyst
North Hollywood Regional Office

cc: David Guzman, Chief, ETP Program Operations Division (via email)
Patrick Pak, Korean Air (via email)
Master File
Project file

Date report mailed to Contractor _____